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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/086,244

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John S. Brown

P-25,673 USA

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06/23/2009

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EXAMINER

DANNEMAN, PAUL

ART UNIT

PAPER NUMBER

3627

NOTIFICATION DATE

DELIVERY MODE

06/23/2009

ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

RSWIPLAW@us.ibm.com

<b>Office Action Summary</b>	<b>Application No.</b> 10/086,244	<b>Applicant(s)</b> BROWN ET AL.	
	<b>Examiner</b> PAUL DANNEMAN	<b>Art Unit</b> 3627	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 01 April 2009.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-21 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-21 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)          | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

## DETAILED ACTION

### Response to Amendment

1. The Declaration filed on 1 April 2009 under 37 CFR 1.131 is sufficient to overcome the Arora et al., US 2003/0195780 A1 reference.
2. Claim 19 was amended to correct a grammatical error.
3. Claims 1-21 are pending and have been examined in this office action

### Response to Arguments

4. Applicant's arguments are directed towards the Declaration filed under 37 CFR 1.131 which has been accepted.
5. Arguments regarding Claim 17 are moot based on the new ground(s) of rejection.

### *Claim Rejections - 35 USC § 112*

6. **Claim 1** is rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. **Claim 1, step (1)** recites ***“detecting when a capitalized fixed asset is involved in a transaction.”*** The Specification in paragraph [0009] discloses that the “tax location module” is integrated into a larger software system that includes software modules that record asset transactions and when a transaction occurs the controller software module calls the “tax location finder module” and provides it with the transaction record. The larger software system as disclosed in the background (paragraph [0006]) can be a software system for managing fixed assets such as that offered by SAP AG Systeme. Appropriate correction is required.

***Claim Rejections - 35 USC § 101***

7. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

8. **Claims 1-7** are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, a 35 U.S.C § 101 process must (1) be tied to a particular machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In re Bilski et al, 88 USPQ 2d 1385 CAFC (2008); Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780,787-88 (1876).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the particular machine to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps are not tied to a particular machine and do not perform a transformation. Thus, the claims are non-statutory.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101.

***Claim Rejections - 35 USC § 103***

9. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious

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at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

10. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

11. **Claims 1-21** are rejected under 35 U.S.C. 103(a) as being unpatentable over TEA and further in view of Zellweger, US 5,630,125.

**Claims 1, 8 and 19:**

***With regards to the limitations regarding the auditing a capitalized fixed asset database based on a transaction:***

TEA discloses the automation of a manual process. TEA in paragraphs [2 and 3] discloses a Financial Accountability System Resource guide that requires fixed assets whether they are purchased or donated items that are tangible in nature, have a useful life longer than one year, have a unit value of \$5,000 or more, and may be reasonably identified and controlled through a physical inventory system must be recorded in the fixed-asset group of accounts. School districts may establish lower thresholds for equipment costing less than \$5,000.

TEA in paragraph [5] discloses that the fixed-asset policy for the Austin Independent School District (AISD) has a more stringent policy in that it requires assets costing \$300 or more to be

recorded in the fixed-asset group of accounts. TEA in Exhibit 6-29 further discloses that the unaudited balances of AISD's fixed assets as of August 31, 1999 exceed 790 million dollars.

TEA in at least paragraph [6] further discloses that certain fixed assets should be inventoried on a periodic basis (audited) and discrepancies between the fixed asset/inventory list and what is on hand should be settled.

TEA in paragraphs [8 and 9] further discloses that AISD's fixed-assets system is antiquated and is not integrated into the district's financial system. Consequently, the process of identifying, tracking, and managing fixed assets is manually intensive and cumbersome. The district's financial system generates on a monthly basis a Capital Outlay Expenditures Report which identifies all fixed assets acquired with a purchase order and paid through accounts payable. Using the report as a reference, the fixed assets technician pulls the accounts payable voucher for each transaction from the paid invoice file and reviews it to determine whether the purchase meets the definition of a fixed asset. The technician would then input information from the voucher such as quantity, description, model number, and cost into the fixed-assets system. A review of the report dated July 8, 1999 noted more than 500 transactions that the technician had to manually review.

The TEA in at least paragraph [10] noted that the lack of policies and procedures, as well as archaic computer technology, hinders the fixed-asset system's ability to ensure that fixed assets are properly identified, accounted for, and safeguarded.

TEA in paragraph [14] discloses that the Texas Comptroller of Public Accounts developed best practices to help local governments set up an effective and efficient fixed-assets management system as summarized in Exhibit 6-31.

The preliminary steps outlined in Exhibit 6-31 include devising policies and procedures governing capitalization thresholds, inventory, accounting, employee accountability, transfers, disposals, surplus and obsolescence, and asset sale and disposition and determining the best hardware and software necessary to effectively manage the system.

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Exhibit 6-31 further discloses in creating the fixed asset management system and implementation of the system. Disclosed in the implementation of the system was ensuring that assets to be tracked on the system have been identified, tagged and entered into the fixed-assets database. Assigning an appropriate value to each asset in the fixed-assets database and establishing location codes and custodial responsibility for each fixed-asset.

Exhibit 6-31 further discloses a summary of items regarding the maintaining of the fixed-asset management system to include entering in the automated fixed-asset system inventory information regarding the fixed-assets, assigning tag numbers, location codes, and responsibility to assets as they are received. The movement of all fixed assets should be monitored to include periodic inventories to note any change in status including changes in condition, location, and deletions and the proper report should be generated (error / change notification).

TEA in at least paragraphs [15 and 16] discloses that state and local governments which include school districts are not required to depreciate their assets, however, this will change with the recent issuance by the GASB of statement 34, dated June 1999, which requires that state and local governments throughout the United States must report in their financial statements capital assets after depreciation. This means that AISD must begin complying with the provisions of the GASB statement 34 on September 1, 2001.

**Claims 2-7, 9-18 and 20-21:**

***With regards to the use of a hierarchical search for a capital asset of a particular criteria/type that has a missing location code and reporting the error:***

TEA does not specifically disclose how their fixed-asset database is searched. However, Zellweger in at least Column 7, lines 41-54 discloses an invention for an information management system that employs an open hierarchical data structure to organize and retrieve data objects in a database. Zellweger in at least Column 8, lines 4-11 further discloses that there is no limit on the depth of the open hierarchical data structure and that it can be as deep as required which allows

for the incorporation of any number of levels in the hierarchy, thereby having the ability to create successive selection information to any depth of the deep index.

Zellweger in at least Column 8, lines 20-34 further discloses that the open hierarchical data structure could be a hierarchical taxonomy of objects, or it could be a decision tree composed of questions, a delineation of goal-directed objectives, or a rule-based expert system all of which can be tailored to meet the needs of the end-user.

TEA in Exhibit 6-31 further discloses a summary of items regarding the maintaining of the fixed-asset management system to include entering in the automated fixed-asset system inventory information regarding the fixed-assets, assigning tag numbers, location codes, and responsibility to assets as they are received. The movement of all fixed assets should be monitored to include periodic inventories to note any change in status including changes in condition, location, and deletions and the proper report should be generated (error / change notification).

Therefore, it would have been obvious, at the time of the invention to one of ordinary skill to combine the well known elements of TEA's fixed-asset database with the well known hierarchical search features of Zellweger with the motivation to periodic monitor the fixed-asset system inventory for any changes and report any errors as recommended by TEA (Exhibit 6-31).

### **Conclusion**

12. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure:
  - Shenoy et al., US 2002/0040304 A1 teaches a method and system for creating and managing capital asset business exchanges.
13. Any inquiry concerning this communication or earlier communications from the examiner should be directed to PAUL DANNEMAN whose telephone number is (571)270-1863. The examiner can normally be reached on Mon.-Thurs. 6AM-5PM Fri. off.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Florian Zeender can be reached on 571-272-6790. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.



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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Paul Danneman/

Examiner, Art Unit 3627

18 June 2009

**/F. Ryan Zeender/**

**Supervisory Patent Examiner, Art Unit 3627**